

4 April 1975

MEMORANDUM FOR: Chief, Printing & Photography Division, OL

SUBJECT : Paper Savings Through Equipment Changes, Inventory Reductions, and Stock Substitution

1. The Printing & Photography Division (P&PD) production requirements have undergone several changes during 1974 and early 1975 which affect paper usage and inventories.

a. The final termination of the NIS program which reduced the requirement for long run multicolor maps for GPO and eliminated several 100 thousand impressions of text.

b. There was a small (across the board) reduction in the number of copies required per job processed.

c. The overall P&PD requirements are shifting from the bulky long throughput type job to the current intelligence type requirements. That is, produce more jobs of fewer pages and fewer copies in one-third the normal throughput time.

2. These facts added to inflation and the paper crisis of 1974 had a tremendous effect on P&PD's production cost and stock control system. It became obvious that a more productive and economical manner of fulfilling ongoing requirements was needed. The following are examples of action that was taken regarding the use and acquisition of paper.

a. New Equipment. The printing of [REDACTED] Daily publications is a good example. P&PD was on contract and allocated funds for 36 million sheets of X-104 offset paper. This contract, at the average 1974 price, would have cost P&PD \$291,000 during FY 75. However, a study of new equipment revealed that the Davidson Perfector with a roll converter would make possible a cost avoidance of up to 40 percent which represents \$116,400 annual reduction in cost. P&PD purchased one unit in July 1974 for evaluation. The evaluation results were such that P&PD is in the process of converting completely to the Davidson Perfector for the [REDACTED] Daily production (see attachment 1 - X-104 and X-229).

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b. Reduction in Inventory. In reviewing the inventory levels in relation to the monthly consumption, it was established that certain stock items were overstocked or the contracts were for much more than necessary. Attachment 1 shows contract adjustments during FY 75 and attachment 2 shows stock items where new minimum balances were established thereby permitting a deferral in cost via inventory reduction.

c. Substitution. P&PD is exploring every request in an attempt to substitute overstocked items for short items in an effort to reduce inventory as well as cost (attachment 3).

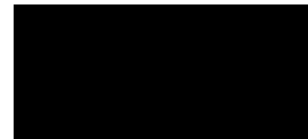
3. There are many other projects underway that will assist in reducing the paper cost for P&PD. The [REDACTED] RAPID system with the APS-4 phototypesetter has the potential of reducing the paper consumption for the [REDACTED] Dailies by an additional 30 percent through text compaction. A feasibility study of the Davidson Perfector/roll converter in P&PD/GPP is underway. Also, the increased volume of micropublishing and COM is starting to show in paper reduction.

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4. P&PD reduced its projected FY 75 paper cost by \$189,408.38 through equipment changes, inventory reduction, and stock substitution (see attachment 4).

5. P&PD has projected a new FY 75 paper cost of \$671,708. However, this is subject to the actual paper usage during the last half of FY 75. It can be noted that the trend indicates a slight upswing in usage, but it is not that significant at this time.

6. P&PD is in the process of compiling data necessary to project paper costs for FY 76, 77 and 78. One projection indicates that if we continue the inventory reduction and substitution programs through FY 76 and if we assume the usage and paper prices will remain constant, P&PD paper costs for FY 76 will be reduced to approximately \$430,000. However, a projected cost should be more flexible than this approach to allow for uncertainties and changing requirements.



Systems Staff, P&PD

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4 Atts

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